

FISCAL NOTE

SB 2885 - HB 2831

February 13, 1998

SUMMARY OF BILL: Provides a one-day sales tax exemption on all purchases or taxable services of less than \$5,000. The bill requires the Commissioners of Revenue, Human Services, and Health to provide a full analysis of the economic impact to the General Assembly.

ESTIMATED FISCAL IMPACT:

Decrease State Revenues - Exceeds \$17,800,000 One-Time
Decrease Local Revenues - Exceeds \$5,400,000 One-Time

Assumes:

- FY98-98 estimated state sales tax collections of \$4,268,800,000
- FY98-99 estimated local sales tax collections of \$1,299,374,600
- Average daily state sales tax collections of \$11,857,800
- An increase of at least 50% in consumption on such a day, since:
 - Vendors would take advantage of the exemption and promote sales heavily;
 - Consumers, particularly businesses, would delay purchases until that day to avoid taxation; and
 - Some consumers would purchase items that they might have delayed, since they could avoid the tax.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director